

MINUTES

MONTANA SENATE 56th LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By **CHAIRMAN CHUCK SWYSGOOD**, on March 11, 1999 at 8:02 A.M., in Room 108 Capitol.

ROLL CALL

Members Present:

Sen. Chuck Swysgood, Chairman (R)
Sen. Tom Keating, Vice Chairman (R)
Sen. Tom A. Beck (R)
Sen. Chris Christiaens (D)
Sen. William Crismore (R)
Sen. Greg Jergeson (D)
Sen. Bob Keenan (R)
Sen. J.D. Lynch (D)
Sen. Dale Mahlum (R)
Sen. Ken Mesaros (R)
Sen. Ken Miller (R)
Sen. Arnie Mohl (R)
Sen. Linda Nelson (D)
Sen. Debbie Shea (D)
Sen. Mike Taylor (R)
Sen. Daryl Toews (R)
Sen. Mignon Waterman (D)

Members Excused: Sen. Eve Franklin (D)

Members Absent: None.

Staff Present: Shannon Gleason, Committee Secretary
Clayton Schenck, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 404 HB 495, 3/12/1999
Executive Action: HB 404, HB 495, HB 6, HB 8,
HB 69, SB 491, SB 443, SB 449

HEARING ON HB 404

Sponsor: REP. BILL THOMAS, HD 93, HOBSON

Proponents: None

Opponents: None

Opening Statement by Sponsor:

REP. THOMAS advised this bill is the continuation of the **SB 390** and included the Transition Advisory Committee(TAC). **REP. THOMAS** reviewed how the committee was formed and their duties. **REP. THOMAS** noted the committee is scheduled to sunset and this bill extends them. The committee is funded through donations by utilities and co-ops. **REP. THOMAS** felt this was not a conflict of interest and noted it would be hard for any special interest group to penetrate the committee because of the required diversity of the members. The maximum spent on the committee would be \$100,000.00, however \$30,000.00 remains from the previous year and will be applied to the budget.

Questions from Committee Members and Responses:

SEN. JERGESON stated the first section had \$100,000.00 appropriated from gifts from public utilities, section two has \$200,000.00 from public utilities and cited another code, which is correct. **REP. THOMAS** stated the \$200,000.00 was from the previous year, and the \$100,000.00 was for the current year. **SEN. LYNCH** was on the committee and explained the new committee would not be appointed until 1/1/2000 and thus both the old and new committee allocation is included in this bill.

SEN. CHRISTIAENS wanted to know why \$10,000.00 was used for revenue oversight as they have their own budget. **SEN. LYNCH** advised there was a joint effort between the **TAC** and the Oversight Committee and the Oversight Committee does not have a sufficient budget to cover all the cost. It was decided since the funds come from utilities they should help cover the cost associated with joint efforts only.

SEN. CHRISTIAENS wanted to know if the entire \$100,000.00 was needed and if there was a plan to spend all the money. **REP. THOMAS** advised using the comparison from last year and what is intended to be spent this year the designated funds should be set aside. **REP. THOMAS** noted they are authorized to spend \$100,000.00 and no money comes from the General Fund to cover this allocation.

SEN. KEATING advised the reason section two was included was to take care of the \$30,000.00 being carried over but thought there should be an ending date to section two.

SEN. WATERMAN was uncomfortable with the source of funding, not that donators would influence the Oversight Committee but the perception that donations from those being overseen was wrong.

SEN. WATERMAN felt if this was a legitimate government function it should be funded by the government. **REP. THOMAS** advised he felt that way originally but because of the diversity of the committee he was now alright with the funding. **SEN. LYNCH** advised the Committee was more of a referee between co-ops and utilities, and added the Consumer Counsel is funded similarly, and added the telephone industry is also under the oversight.

Closing by Sponsor:

REP. THOMAS closed.

{Tape : 1; Side : A; Approx. Time Counter : 8:15}

HEARING ON HB 495

Sponsor: **REP. ROBERT PAVLOVICH, HD 37, BUTTE**

Proponents: **SEN. J.D. LYNCH, SD 19, BUTTE**
Dan Antonietti, citizen

Opponents: None

Opening Statement by Sponsor:

REP. PAVLOVICH explained this bill is to increase the benefit for the silicosis survivors. **REP. PAVLOVICH** added there were 91 members receiving the benefit and the benefits ranged from \$100.00 to \$200.00 per month. **REP. PAVLOVICH** stated there have been no increases since 1984, and this \$25.00 increase is small. **REP. PAVLOVICH** gave the breakout by age of recipients and advised there was no sunset because the bill would sunset itself.

Proponents' Testimony:

Dan Antonietti rose in support of the bill.

Questions from Committee Members and Responses:

Closing by Sponsor:

REP. PAVLOVICH closed.

EXECUTIVE ACTION ON HB 495

Motion/Vote: SEN. LYNCH moved that HB 495 BE CONCURRED IN.
Motion carried unanimously.

SEN. LYNCH was assigned to carry HB 495.

EXECUTIVE ACTION ON HB 404

{Tape : 1; Side : A; Approx. Time Counter : 8:21}

Motion: SEN. BECK moved HB 404.

Discussion:

SEN. WATERMAN noted the funding from donations gave a poor perception and was not healthy.

CHAIRMAN SWYSGOOD asked if anyone wanted to address section two, it was decided the committee would leave it as it was.

Vote: Motion carried 12-5 with Christiaens, Jergeson, Nelson, Miller, and Waterman voting no.

SEN. THOMAS was assigned to carry it the bill on the floor.

EXECUTIVE ACTION ON HB 6

Motion: SEN. WATERMAN moved that HB 6 BE CONCURRED with amendment HB 000601.acs **EXHIBIT**(fcs55a01).

Discussion:

SEN. WATERMAN explained LaCasa Grande subdivision has a problem and the owner will not repair or replace the existing system.

SEN. WATERMAN noted they were deleted because they did not qualify for TSEP grant money and the amendment would not give them any money unless funding for a higher priority project fell through.

SEN. KEATING asked if this restored the project to where they originally were or put them ahead of others. John Tubbs, Department of Natural Resources and Conservation (DNRC) advised the committee it moved them up on the list but the projects ahead of them will receive all the funds available. SEN. KEATING noted the projects were prioritized and should not be allowed to be

moved ahead of projects they were not originally ahead of. **Mr. Tubbs** explained the **LaCasa Grande** situation and noted the committee would have to decided the priority.

SEN. WATERMAN advised she was not intentionally placing a higher priority on the project, but that was how the amendment was presented to her.

SEN. KEATING asked if once projects were completed within the next year if the projects would move up to fill the vacancies by the funded projects. **Mr. Tubbs** advised there were projects that would drop off the list once funding was allocated and the unfunded projects would have to reapply for grants in the next biennium. **SEN. KEATING** wanted to know if they had to redo all the paperwork, **Mr. Tubbs** noted the grant requests had to be updated.

SEN. LYNCH noted the project was not dropped just because of the double funding requirement but also because it would set a precedence for a private owner to be allowed to not repair a system and the state to correct the problem. *{Tape : 1; Side : A; Approx. Time Counter : 8:32}*

SEN. MOHL wanted an explanation of the problem. **Mr. Tubbs** explained the background and noted the people had also applied to the **PSC** for assistance. **Mr. Tubbs** thought allocating funds for these people would possibly force the existing owners to work with the **LaCasa Grande** water board.

SEN. MOHL wanted to know if the present owner would own the new system. **Mr. Tubbs** advised the water board would own the system.

SEN. JERGESON noted if the committee adopted the amendment it may set a prescience for others who were not awarded grant money to appeal to the Finance and Claims for their request.

SEN. MAHLUM stated if the water board was allowed to drill and create their own system the current owner would have no customers and thus the hold out would be for nothing. **Mr. Tubbs** concurred.

SEN. BECK wanted to know why **LaCasa Grande** was dropped from the list. **Mr. Tubbs** advised because the issue with the owner and they did not qualify for **TSEP** grant money.

SEN. LYNCH noted even if the project was not dropped they were not before everyone else and should be listed where they were originally. **SEN. BECK** agreed.

SEN. CHRISTIAENS wanted to know if this would be a case for the Consensus Council. **Mr. Tubbs** advised there were not enough parties involved, however a mediation approach is needed, and thought **PSC** should be able to enforce the issue.

Vote: Motion that **HB 6 BE AMENDED** failed 3-10 with **Beck, Taylor, and Waterman** voting yes.

Motion/Vote: **SEN. BECK** moved **HB 6 BE AMENDED TO PLACE LACASA GRANDE BACK TO THEIR ORIGINAL POSITION ON THE LIST**. Motion carried 10-7 with **Swysgood, Crismore, Mohl, Jergeson, Nelson, Miller, and Keenan** voting no.

Motion: **SEN. TAYLOR** moved that **AMENDMENT EXHIBIT(fcs55a02)** BE ADOPTED.

Discussion:

SEN. TAYLOR noted this was for the Flathead Lake Biological Station and was at the request of the Speaker of the House. **SEN. TAYLOR** explained the **Yellow Bay Monitoring Station** and if passed the amendment would take money from \$500,000.00 planning grants allocation is **SB 49**.

Mr. Tubbs explained the new planning dollars were to be used to assist in the development of the projects. **Mr. Tubbs** noted there would still be \$320,000.00 in new money to increase the grant program.

CHAIRMAN SWYSGOOD advised **Yellow Bay** has been around a long time and has always been funded. *{Tape : 1; Side : B; Approx. Time Counter : 000}*

SEN. BECK wanted to know why this was being added so late in the process. **Mr. Tubbs** advised the funding for **Yellow Bay** was pulled and the institute was just advised their funding was lost.

SEN. WATERMAN wanted to know what funding sources were lost and advised it was a policy to not backfill with state funds for Federal revenue losses. **SEN. TAYLOR** advised **DEQ**, tribal money, and the city of Kalispell rescinded funding. *{Tape : 1; Side : A; Approx. Time Counter : 8:48}*

SEN. KEENAN advised the committee Flathead County, Lake County and the tribes funded the project in the past. **SEN. KEENAN** thought a lot of the loss of funds were a result of a dispute with the **Flathead Basin Commission** and politics. **SEN. KEENAN**

thought this was an important project and this amendment was an attempt to stop the politics from being played with the project.

SEN. KEATING asked if the project was attached to the university system. **SEN. TAYLOR** advised it was but it was not funded through the university system. **SEN. KEATING** advised they rely mainly on grants and this was not funded through the university.

SEN. LYNCH thought the employees were university employees and this issue should not be in front of this committee, it should be a General Fund appropriation because every community throughout Montana was being deprived of planning money.

SEN. KEATING stated this money was for research only and if it was not granted it would not effect the facility.

SEN. MOHL advised the water quality monitoring would be cut, and this was a result of a turf battle because one of the commissioners did not get the position on the board he wanted so they pulled the funding.

SEN. MESAROS questioned the **DEQ** money. **SEN. TAYLOR** advised they received \$30,000.00 but was unsure why it was not allocated. **SEN. TAYLOR** felt the water quality monitoring was very important.

SEN. KEATING wanted to know who benefitted from the monitoring. **SEN. KEENAN** advised he felt everyone did, and this is an attempt to take a non regulatory approach.

SEN. WATERMAN agreed this should be funded but wanted to know why **DEQ** pulled their funding. **CHAIRMAN SWYSGOOD** advised **DEQ** had funding cuts and reallocated their funds.

Vote: Motion failed 7-10 with **Swysgood, Beck, Mohl, Shea, Taylor, Mahlum, Keenan, and Keating** voting yes.

CHAIRMAN SWYSGOOD advised the committee he was holding the bill until further information could be gathered on the project.
{Tape : 1; Side : A; Approx. Time Counter : 8:59}

EXECUTIVE ACTION ON SB 449

CHAIRMAN SWYSGOOD advised **Larry Finch**, Department of Revenue, and **Clayton Schenck** would explain **SEN. DEPRATU's** concerns that the fiscal not was incorrect. **EXHIBIT(fcs55a03)** was handed out and **Clayton Schenck** explained the figures and noted there would be a reduction of \$1,025,900.00 over the biennium.

SEN. WATERMAN asked if this was in addition to the reduction of revenue in **SB 260**, the committee decided it was.

Larry Finch, Department of Revenue, advised the impacts do not go away as **SEN. DEPRATU** thought, he commented the impacts never go away as long as the schedule is revised and in 2002 when **SB 260** takes effect the impacts begin to grow significantly.

SEN. WATERMAN wanted a breakout of the impacts, **Mr. Finch** advised depending on the growth of motor vehicles over the prior year in 2001 there would be a reduction from 1.4% to 1.32%, in 2002 a reduction to 1.28%.

CHAIRMAN SWYSGOOD noted the impacts would be in the range of \$1,025,900.00.

SEN. KEATING asked if that \$1,025,900.00 impact increases the amount in **SB 260** or decreased. **CHAIRMAN SWYSGOOD** advised **SB 260** had an impact of \$28,000,000.00, the committee thought it was less than that. **CHAIRMAN SWYSGOOD** advised the amendatory veto only effected the loss of the 6 mil levy and the vo-tech levy. The bill's language stated school districts must be allocated their loss of income, that comes out to be \$6,200,000.00 and \$2,200,000.00, the amendatory veto makes \$8,400,000.00 on top of \$7,700,000.00 in bill so there is a \$26,000,000.00 impact. **SEN. KEATING** wanted to know if this bill made it \$27,000,000.00, the committee decided it did.

SEN. JERGESON noted there was a back fill for the state impact and **SB 449** has no back fill so using the revisions **Clayton Schenck** provided the impact on local school districts are \$3,900,000.00 over the next biennium, and added the local people are going to be hurting. **SEN. MILLER** advised last session the local government received a windfall and thought it was greater than these reductions over a four year period. *{Tape : 1; Side : B; Approx. Time Counter : 9:10}*

SEN. WATERMAN asked what the windfall was, **Larry Finch** advised the windfall by not using the blue book and going to a 10% depreciation. **SEN. WATERMAN** thought it was equal.

SEN. KEATING asked if the changes would be factored into **SB 260**, **Mr. Finch** advised yes, **SEN. KEATING** asked if **SB 260** would have to use the depreciation schedule of this bill, **Mr. Finch** concurred.

CHAIRMAN SWYSGOOD asked if under **SB 260** SUVs and trucks received a reduction in taxes. **Mr. Finch** advised all vehicles received a

reduction. **CHAIRMAN SWYSGOOD** asked if it was by 1/3, and the committee thought it was.

Motion/Vote: **SEN. WATERMAN** moved that **SB 449 BE TABLED**. Motion carried 11-6 with Mohl, Miller, Shea, Taylor, Keenan, and Keating voting no.

EXECUTIVE ACTION ON HB 8

Motion: **SEN. BECK** moved that **HB 8 BE CONCURRED IN**.

Discussion:

CHAIRMAN SWYSGOOD explained **SB 48** expanded the funding of renewable resource projects to line 40.

SEN. TOEWS wanted **CHAIRMAN SWYSGOOD** to explain **SB 48**, **CHAIRMAN SWYSGOOD** advised prior to **SB 48** only 23 projects would have been funded, but with the increased allocation now 40 projects would be funded.

SEN. KEATING advised **SB 48** increased the interest income from the **RIT** from \$2,000,000.00 to \$4,000,000.00.

SEN. WATERMAN questioned Missoula and Bozeman asking to be added to the list. **CHAIRMAN SWYSGOOD** advised each city wanted \$4,000,000.00 and never appeared before the **Long Range Planning Committee** nor made a presentation to this Committee, he noted he would not be receptive to adding them as it would throw out all the prioritization done by Long Range Planning.

Vote: Motion carried unanimously.

SEN. BECK was assigned to carry it on the floor.

EXECUTIVE ACTION ON SB 491

Motion/Vote: **SEN. BECK** moved that **SB 491 BE TABLED**. Motion carried 13-4 with Jergeson, Lynch, Miller, and Shea voting no. {Tape : 1; Side : B; Approx. Time Counter : 9:20}

EXECUTIVE ACTION ON SB 443

Motion/Vote: **SEN. MAHLUM** moved that **SB 443 BE TABLED**. Motion carried 16-1 with Jergeson voting no.

{Tape : 2; Side : A; Approx. Time Counter : 000}

EXECUTIVE ACTION ON HB 69

Motion: SEN. CHRISTIAENS moved that HB 69 BE AMENDED.

Discussion:

Roger Lloyd, Legislative Fiscal Division, explained amendment HB 006902.agp **EXHIBIT(fcs55a04)**. This amendment was at the request of the Natural Resources Subcommittee, and advised the funding for the Alternative Energy Account resources are depleted and are being pulled from the General Fund. The account would be eliminated so revenue sources would be directed to the General Fund and approximately \$400,000.00 left in the fund would be deposited into the General Fund.

SEN. KEATING thought they were left with \$90,000.00 for something and a \$300,000 deposit into the General Fund. Mr. Lloyd advised this account was used to match Federal funds for a loan and grant program, however there have been no loans made for a number of years. Mr. Lloyd advised the money SEN. KEATING referred to was dollars in outstanding loans and would be referred to the General Fund.

SEN. KEATING noted DEQ lost funds in the House Appropriations for their data base of \$125,000.00. Prior to the House Appropriations cutting the funds DEQ offered to give up the \$300,000.00 and revert it into the General Fund with the agreement their data base would be approved. SEN. KEATING noted he is going to try and get the DEQ's money back for the data base.

CHAIRMAN SWYSGOOD wanted to know if the amendment left the authority to form another account. Mr. Lloyd advised only the account was eliminated. SEN. KEATING advised the reason that was done is because \$90,000.00 is still outstanding loan and being collected.

SEN. MOHL wanted to know how this affected the fiscal note. Mr. Lloyd advised there would be an increase to the General Fund by \$400,000.00.

SEN. WATERMAN noted there was an ongoing loss that would be made up for a few years but after that would continue to be a loss.

Vote: Motion carried unanimously.

Motion/Vote: SEN. KEATING moved that HB 69 BE CONCURRED IN AS AMENDED. Motion carried unanimously.

SEN. JERGESON was appointed to carry the bill.

ADJOURNMENT

Adjournment: 9:32 A.M.

SEN. CHUCK SWYSGOOD, Chairman

SHANNON GLEASON, Secretary

CS/SG

EXHIBIT (fcs55aad)